

As the upcoming filing extension tax deadlines approach, the Internal Revenue Service, in partnership with the Department of Health and Human Services, is announcing a new round of outreach to small employers and the professional service providers they rely on to encourage them to review the new Small Business Health Care Tax Credit to see if they are eligible.

“As the filing deadlines approach, we want to make sure that small business owners don’t leave any money on the table,” said IRS Commissioner Doug Shulman. “Small businesses that offer health insurance should learn about this credit and claim it if they are eligible.”

The small business health care tax credit was included in the Affordable Care Act enacted last year. Small employers that pay at least half of the premiums for employee health insurance coverage under a qualifying arrangement may be eligible for the small business health care tax credit. The credit is specifically targeted to help small businesses and tax-exempt organizations that primarily employ 25 or fewer workers with average income of \$50,000 or less.

Small employers face two important tax filing deadlines in coming weeks:

- Sept. 15. Corporations that file on a calendar year basis and requested an extension to file to Sept. 15 can calculate the small employer health care credit on Form 8941 and claim it as part of the general business credit on Form 3800, which they would include with their corporate income tax return.

- Oct. 17. Sole proprietors who file Form 1040 and partners and S-corporation shareholders who report their income on Form 1040 and requested an extension have until Oct. 17 to complete their returns. They would also use Form 8941 to calculate the small employer health care credit and claim it as a general business credit on Form 3800, reflected on line 53 of Form 1040.

In addition, tax-exempt organizations that file on a calendar year basis and requested an extension to file to Nov. 15 can use Form 8941 and then claim the credit on Form 990-T, Line 44f.

As these 2010 tax year deadlines approach and businesses begin planning for the end of 2011 and 2012, the IRS’s new outreach campaign will focus on working with our partners:

- The tax software industry to improve access to educational information and to help alert small employers and practitioners when taxpayers may be eligible for the credit.
- Insurance agents, brokers and carriers who work with small businesses to help ensure that participants in the health insurance marketplace understand the features and benefits of the credit. The Department of Health and Human Services today sent an email to 2,000 agents and brokers alerting them to the credit for their small business clients.
- The small business and tax practitioner community to provide additional webinars and educational opportunities about the credit.

Information will also be available through social media and other venues, including IRS YouTube videos in English, Spanish and American Sign Language. Targeted e-mails and tweets will be sent to the small business community and tax preparers.

The IRS’s new outreach effort will remind employers about the upcoming extension deadlines and will also provide details on other important information about the credit, including:

- Businesses who have already filed can still claim the credit: For small businesses that have already filed and later determine they are eligible for the credit, they can always file an amended 2010 tax return. Corporations use Form 1120X and individual sole proprietors use Form 1040X
- Businesses without tax liability this year can still benefit: The Small Business Jobs Act of 2010

provided that for Tax Year 2010, eligible small businesses may carry back unused general business credits (including the small employer health care tax credit) five years. Previously these credits could only be carried back one year. Small businesses that did not have tax liability to offset in 2010 should still evaluate eligibility for the small business health care tax credit in light of this expanded carry back opportunity.

- Businesses that couldn't use the credit in 2010 can claim it in future years: Some businesses that already locked into health insurance plan structures and contributions for 2010 may not have had the opportunity to make any needed adjustments to qualify for the credit for 2010. So these businesses may be eligible to claim the credit on 2011 returns or in years beyond. Small employers can claim the credit for 2010 through 2013 and for two additional years beginning in 2014.

In addition to today's IRS announcement, HHS posted additional information on this credit to HealthCare.gov at: <http://www.healthcare.gov/news/blog/smallbusiness09072011.html>.

Additional information about eligibility requirements and calculating the credit can be found on the Small Business Health Care Tax Credit for Small Employers page of IRS.gov.